

HONOLULU STAR-BULLETIN (HI)  
13 August 1985

# Rewald Bankruptcy Administrator Sues the CIA and Three Attorneys

By Charles Memminger  
Star-Bulletin Writer

The trustee for Ronald Rewald's bankrupt company has filed some 60 lawsuits in recent weeks, including a \$15 million suit against the CIA and a \$31 million suit against three of Rewald's attorneys.

Bankruptcy administrator Thomas Hayes said the suits were filed now because a two-year statute of limitations was about to run out and not because Rewald's criminal case is under way.

Most of the suits involve standard bankruptcy procedures for attempting to recover funds withdrawn from a company shortly before its collapse.

Hayes previously told creditors of Bishop, Baldwin, Rewald, Dillingham & Wong that he would sue the CIA when he was convinced that the agency had some culpability in the loss of investors' money. He would not comment on what information he now has which prompted him to file suit.

The CIA has six months to respond to the suit before it becomes officially filed, Hayes said.

REWALD IS on trial on 98 counts of fraud, tax evasion and perjury in connection with his operation of Bishop, Baldwin and the loss of millions of dollars of investors' money.

Rewald claims the CIA set up his company and used it for secret operations. He says he did not intend to defraud investors because he thought the agency would protect them.

A \$31 million suit was filed against attorneys Dana Smith, Gerald N.Y.C. Lam and D. Alden Newland. Also named in the suit is BBRD&W president Sunlin Wong.

Newland denied charges in the suit. Smith would not comment and Lam was unavailable for comment. Wong is in prison serving a two-year term after pleading guilty to mail and securities fraud.

The suit charges that Smith and Wong, as directors of the corporation, had a duty to protect investors' interests. It also

charges that Smith allowed thousands of dollars of investors' money to be transferred to Rewald's sporting goods operations. It also called Smith's \$200,000 in attorneys fees, which he received from 1978 to August 1983, "grossly excessive."

Smith said he did not want to comment on the suit.

THE SUIT charges that Lam, a part-time District Court judge and one of Rewald's attorneys, drew up a letter which said money put in BBRD&W's "investment accounts" was tax-deferred.

Rewald and other BBRD&W employees used the letter to persuade investors to leave all of their funds in the company instead of paying taxes on the interest.

The suit also charges that Lam received excessive attorneys fees while working for Rewald.

Lam was off-island and unavailable for comment.

Newland, as general counsel for BBRD&W, reviewed Lam's tax opinion letter and should have known it was inaccurate, according to the suit.

Newland said that he sent Rewald three memorandums saying Lam's letter was incorrect and asking for a third-party opinion. He said his memorandums are in the possession of the bankruptcy trustee.